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August 20, 1998

Magalie Roman Salas, Secretary
Federal Communications Commission
1919 M Street NW Room 222
Washington DC 20554

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AUG 20 1998

**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY**

In the Matter of:

1998 Biennial Regulatory Review
Review of ARMIS Reporting Requirements

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CC Docket 98-117

Dear Ms. Salas:

Enclosed are an original, and six copies plus two extra public copies of the Comments of Cincinnati Bell Telephone Company's Notice of Proposed Rulemaking in the above referenced proceeding. A duplicate original copy of this letter and attached Comments is also provided. Please date stamp this as acknowledgment of its receipt and return it. Questions regarding these Comments may be directed to John Wilcox at the above address or by telephone on (513) 397-5569.

Sincerely,

David L. Meier

Enclosure

cc: Anthony Dale
Accounting Safeguards Division,
Common Carrier Bureau
International Transcription Services

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List ABOVE

**Before The
Federal Communications Commission
Washington, D.C. 20554**

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CC Docket No. 98-117

COMMENTS OF CINCINNATI BELL TELEPHONE COMPANY

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August 20, 1998

**Before The
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COMMENTS OF CINCINNATI BELL TELEPHONE COMPANY

INTRODUCTION

Cincinnati Bell Telephone ("CBT"), an independent, mid-size local exchange carrier, submits these Comments in response to the Commission's July 17, 1998, Notice of Proposed Rulemaking in the above-captioned proceeding. The purpose of this proceeding is "to reduce the reporting requirements of [the] Automated Reporting Management Information System ("ARMIS").¹ In summary, "these modifications are designed to minimize the reporting burden on carriers, improve the quality and use of the reported information, and reduce the cost to the Commission of collection, verification, and distribution of the data."²

CBT supports all of the objectives of the NPRM and the spirit in which the changes are being proposed. CBT especially appreciates the Commission's continuing

¹ Notice of Proposed Rulemaking, *In the Matter of 1998 Biennial Regulatory Review-Review of ARMIS Reporting Requirements*, FCC 98-147, CC Docket No. 98-117 (at para. 1) (hereinafter "NPRM at para. ____").

² NPRM para. 2.

acknowledgement of the special issues surrounding mid-size companies.

CBT believes that the proposals set forth in the NPRM should be greatly expanded, because there are many additional changes possible which would meaningfully reduce reporting burdens without significantly reducing the information available to the Commission. In 1997, CBT spent nearly 5,000 hours, at a cost of more than \$283,000, on preparation and filing of the ARMIS reports. This includes work on the current year's reports and all special restatement requests for previous years' reports. At a minimum CBT believes that the Commission could reduce the scope and number of these reports, and the consequent expense, to a significant degree without depriving the Commission of any necessary information about its constituent companies.

CBT strongly disagrees with the Commission's proposal to create three categories of companies for ARMIS reporting. This would only add more complexity to the entire regulatory process. The Commission should use this NPRM to eliminate burdensome reporting requirements instead of making minor reductions or adding complexity.

ELIMINATING PAPER REPORTS

The NPRM is proposing a change in ARMIS filing requirements: paper copies will be eliminated and only electronic filing will be necessary. While CBT supports this proposal, CBT notes that the possible savings to the companies are very small, because only copying costs and postage will be eliminated.

CBT does support the posting of the reports on the Commission's Internet web site, and recommends that special efforts be devoted to the planning of the project. In particular, the reports should easily be retrievable and in a common spreadsheet language,

such as Microsoft Excel, to allow users to easily download and analyze the data. Filing of the reports should be as easy as the retrieval of the reports. The Commission's past problems with electronic data transmittal of reports warrant careful consideration in the planning process. CBT recommends that the transmittal process mirror the current electronic tariff filing process, which is made through the Commission's Internet web site.

The edit check process that is involved with the ARMIS reports has always been a source of confusion and frustration. To date this process has been inconsistent, time consuming, and expensive. Planning and volume testing are needed to avoid future concerns. Not only should report-specific edit check programs be distributed, but also programs that check between reports. Confirmation that all edit checks have been successfully completed should also be a part of the electronic filing.

The refiling of prior years' reports, some as far back as 1990, has become a large burden, especially for the mid-size companies. The ever changing technology of computer software is making it very difficult to recreate the old data files and execute the edit check programs. The constant reworking of the reports, especially those before 1995, is costly, time consuming, has no ratepayer benefits, and is contrary to the Biennial Review objectives. Moreover, the changes being required of mid-size companies are small, generally cosmetic, and have no impact on the overall industry results. The refiling requests are expensive projects and should be limited to the three most recent year reports, and should be required only when a significant problem has been identified.

NEW REPORTING THRESHOLD IS CREATED

The NPRM, in paragraph 7, creates a new threshold of \$7 billion while retaining the indexed revenue threshold which is currently \$112 million. This creates three categories of companies for ARMIS reporting:

<u>Accounting Class</u>	<u>ARMIS Threshold</u>	<u>ARMIS Reports</u>
Class A	Equal to or above \$7 billion	Class A ARMIS reports
Class B-1	\$112 million to \$7 billion	Class B ARMIS reports
Class B-2	Less than \$112 million	No report requirements

As CBT recommended previously in its comments filed in CC Docket No. 98-81, *1998 Biennial Review – Review of Accounting and Cost Allocation Requirements*, the ARMIS reporting threshold should be changed from the current \$112 million to \$7 billion. This would coincide with the accounting requirements threshold, which divides Class A and Class B companies. This change in reporting threshold would save a company such as CBT over a quarter of a million dollars annually, which could be spent on infrastructure upgrades, development of innovative service offerings, or customer education and services.

As a result, CBT strongly objects to the retention of the current index threshold and the creation of a new second \$7 billion threshold. Not only are these unnecessarily confusing, but the additional category is completely contrary to the simplification objectives of the Commission and Section 11 of the Telecommunications Act.

Establishing a single ARMIS reporting threshold, whether a flat \$7 billion or 2% of the nation's access lines, will still provide the commission with information on 90% of

the industry,³ and the Commission will still have access to substantial additional information regarding mid-size and small companies through SEC reports. The Commission will not be deprived of any necessary information, because the Commission can issue a data request for anything specific that it requires in a special examination. For CBT and similar companies operating under price cap regulation and facing rapidly growing competitive marketplaces, the regulatory reporting requirements no longer exist. The ARMIS reporting requirements can easily be eliminated without harming the Commission's oversight abilities.

The Independent Telephone & Telecommunications Alliance ("ITTA") filed a Petition for Forbearance on February 17, 1998, in which it discussed at length why the ARMIS reports should be eliminated for the mid-size 2% companies, why they are not necessary to ensure just and reasonable rates or to protect consumers, and why the granting of the forbearance is advancing the public interest.⁴ CBT fully supports this petition and encourages the Commission to use it as a basis for the final report and order for this docket.

CONCLUSION

CBT applauds the Commission's sensitivity and recognition that small and mid-size companies face unique operating situations and concerns. CBT supports the

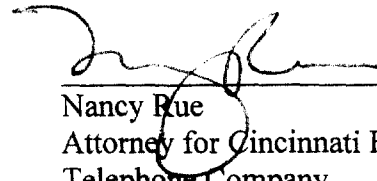
³ NPRM at para. 7.

⁴ ITTA Petition for Forbearance, February 17, 1998, pages 18-23.

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Cincinnati Bell Telephone Company

proposal to eliminate the filing of paper reports and include ARMIS reports on its Internet web site. The Commission, however, needs to guarantee that detailed and proper planning is done to ensure that the final product is user friendly and not a new burden to all parties. The ARMIS reporting threshold proposal needs to be re-examined and made consistent with the new proposed accounting threshold in CC Docket No. 98-81 before any benefits can be realized. There should be only one threshold, and it should be established as \$7 billion.



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